

Consumers Distributing®

ANNUAL REPORT 1979



Financial Highlights (\$000's)

	52 Weeks Ended Feb. 2/80	53 Weeks Ended Feb. 3/79 ¹
Sales		
Canada.	\$344,112	\$267,612
United States	<u>209,745</u>	<u>76,631</u>
	<u>\$553,857</u>	<u>\$344,243</u>
Net Income.	\$9,531	\$12,142
Earnings per share.	\$1.32	\$2.11
Shares outstanding-average.	7,226,249	5,762,094
Working Capital.	\$58,444	\$42,128
Showrooms		
Canada.	200	169
United States	<u>86</u>	<u>70</u>
	286	239

1. Figures restated to reflect change in accounting through capitalization of leases.

Five Year Comparative Summary (\$000's)

	52 WEEKS ENDED FEB. 2/80	53 WEEKS ENDED FEB. 3/79 ⁷	52 WEEKS ENDED JAN. 28/78	52 WEEKS ENDED JAN. 29/77	12 MOS. ENDED JAN. 31/76 ¹
Sales					
Ontario.	\$ N/A	N/A	106,762	87,316	82,378
National ²	<u>N/A</u>	<u>N/A</u>	<u>107,106</u>	<u>90,929</u>	<u>79,787</u>
Total Canada.	\$344,112	267,612	213,868	178,245	162,165
United States ⁵	<u>209,745</u>	<u>76,631</u>	<u>—</u>	<u>—</u>	<u>—</u>
	\$553,857	344,243	\$213,868	178,245	162,165
Share of net earnings of Consumers					
"National" ²	\$ N/A	N/A	1,738	585	57
Earnings before taxes.	15,344	23,702	6,988	1,973	872
Income taxes.	5,813	11,560	2,156	642	379
Net income ³	9,531	12,142	4,832	1,331	493
Tax-paid dividends.	—	2,767 ⁶	—	—	134
Taxable dividends.	1,160	401	—	—	—
Working capital.	\$ 58,444	42,128	16,206	9,961	8,421
Total assets.	245,052	170,890	81,980	48,437	43,656
Shareholders' equity.	77,448	59,991	26,116	18,319	16,988
Shares outstanding					
actual.	7,237,438	6,691,688	5,046,196	4,456,196	4,456,196
average.	7,226,249	5,762,094	4,453,673	4,456,196	4,456,196
Earnings per share.	\$ 1.32	\$ 2.11	\$ 1.08	30¢	11¢
Tax-paid dividends					
per share.	—	54¢ ⁶	—	—	3¢
Taxable dividends per share.	16¢	6¢	—	—	—
Showrooms					
Ontario.	N/A	N/A	84	84	83
National ²	<u>N/A</u>	<u>N/A</u>	<u>77</u>	<u>76</u>	<u>72</u>
Total Canada.	200	169	161	160	155
United States ⁵	<u>86</u>	<u>70</u>	<u>—</u>	<u>—</u>	<u>—</u>
	286	239	161	160	155

1. Unaudited

2. On January 27, 1978, the company increased its ownership in Consumers "National" to 100%. Prior to that time, "National" was a 50% owned subsidiary of Consumers Distributing Company Limited.

3. Net income excludes extraordinary gains or losses and up to January 28, 1978, includes only the 50% share of "National" earnings.

4. In 1976 the company changed its fiscal year-end from December 31 to January 31. The company modified this change by having the fiscal year-end on the Saturday closest to January 31.

5. Effective August 26, 1978, the company acquired 70 stores in the United States from The May Department Stores Company.

6. Includes special dividend of 48 cents per share.

7. Figures re-stated to reflect change in accounting through capitalization of leases.

To Our Shareholders



Another milestone in your company's continued growth was achieved during fiscal 1980 when total sales exceeded the half-billion dollar mark. However, in keeping with the experience of most retailers and many other businesses, profits were not satisfactory.

Sales for the 52 weeks ended February 2, 1980 were \$553,857,000 compared with sales of \$344,243,000 for the 53 weeks ended February 3, 1979. Profits for the latest year were \$9,531,000 or \$1.32 per share compared with \$12,142,000 or \$2.11 per share for the previous fiscal year, as restated. There was an average of 7.2 million shares outstanding in the 1980 fiscal year compared with 5.8 million in the previous year.

Sales from Canadian stores were \$344,112,000 and sales from United States operations, stated in Canadian dollars, were \$209,745,000.

While profits did not meet management's expectations I would like to stress that we experienced our 12th consecutive profitable year in the face of record high interest rates and extremely difficult business conditions.

We are pleased to note that the company's financial position, as we enter the current fiscal year is the strongest in its history with an increase in shareholders' equity from \$60 million to more than \$77 million. Working capital increased from \$42,128,000 to \$58,444,000.

The increase in shareholders' equity was attained partly by the issuance of treasury shares to finance the acquisition of the Cardinal Showroom chain in Quebec and the balance from profits achieved during the year.

Year in Review

The erosion of profits can be attributed to two key factors:

- The costs of converting to Consumers Distributing outlets the 35 stores acquired from Cardinal Distributors in Quebec at the beginning of the fiscal year and the general integration of the Cardinal business with our own were considerably larger than had been anticipated. While costs of the Cardinal "changeover program" ended up close to \$5 million pretax, the acquisition has made the company's showrooms the most significant factor in the catalogue retailing industry in the important Quebec market.
- Strategies employed to build market position in the highly competitive United States marketplace by being aggressively priced proved very successful. The company has now achieved the market image and penetration it desired, and improved gross margins are expected to start in the fall season.

At the year-end the company had 200 stores across Canada and 86 stores in the United States. Sales in the Canadian chain were well above the rate of inflation on a store-for-store basis and the Canadian operations would have been far more profitable had it not been for the one time costs sustained as a result of the Cardinal transaction. The extremely extensive transitional program in Quebec has now been substantially completed with the exception of several stores which the company intends to close and we are now positioned in the Quebec marketplace to obtain a satisfactory return on our investment in acquiring the Cardinal chain.

Your management has confidence that in large measure the company's future still lies within the huge United States market with its immense potential for growth. However, because of the costs of borrowing for inventory and general economic conditions the company is taking a cautious approach to further expansion this year. We are currently committed to open 12 new stores in the United States and four in Canada during the fiscal year. More rapid expansion is constantly under review and will be undertaken as soon as market conditions improve.

Outlook

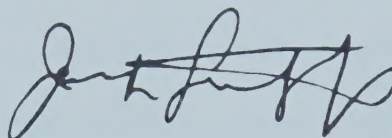
We are in a year of great uncertainty as far as general business conditions are concerned. Although interest rates in both Canada and the United States have dropped sharply in recent weeks there is every indication that the U.S. is in a deepening recession.

Despite these factors it is your management's firm belief that the company will perform well as our stores offer first-class merchandise to hard-pressed customers at prices which will help them increase the value of their already inflation eroded disposable dollars.

During the current year we intend to place a premium on liquidity and are anticipating satisfactory results despite the recessionary cycle.

Appreciation

On behalf of the board of directors I thank our management and staff for their continued dedication during these challenging times.



Jack Stupp
Chairman of the Board and
Chief Executive Officer

Toronto
May 15, 1980

Statement of Income and Retained Earnings

	Fifty-two weeks ended February 2, 1980	Fifty-three weeks ended February 3, 1979 (Restated) (Note 7)
	(In Thousands of Dollars)	
Sales.	<u>\$553,857</u>	<u>\$344,243</u>
Costs and expenses:		
Cost of sales and operating expenses.	522,365	311,998
Interest expense, including interest on long-term debt and obligations under capital leases of \$3,321,000 (1979 — \$2,068,000)	7,464	5,323
Depreciation and amortization (Note 12).	<u>4,799</u>	<u>3,051</u>
	<u>534,628</u>	<u>320,372</u>
Income before undernoted items and income taxes.	<u>19,229</u>	<u>23,871</u>
(Gain) loss on foreign currency translation.	(922)	169
Cost relating to acquisition (Note 4).	<u>4,807</u>	<u>—</u>
	<u>3,885</u>	<u>169</u>
Income before income taxes.	15,344	23,702
Income taxes (Note 13).	<u>5,813</u>	<u>11,560</u>
Net income.	9,531	12,142
Retained earnings, beginning of year (Note 7).	<u>26,708</u>	<u>18,219</u>
	<u>36,239</u>	<u>30,361</u>
Tax paid on undistributed income.	—	485
Dividends paid out of tax-paid undistributed income.	—	2,767
Dividends.	<u>1,160</u>	<u>401</u>
	<u>1,160</u>	<u>3,653</u>
Retained earnings, end of year.	<u>\$ 35,079</u>	<u>\$ 26,708</u>
Earnings per share (Note 14).	<u>\$ 1.32</u>	<u>\$ 2.11</u>

See accompanying notes.

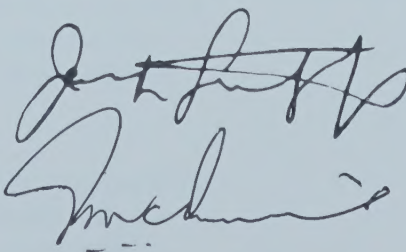
Balance Sheet

	February 2, 1980	February 3, 1979 (Restated) (Note 7)
	(In Thousands of Dollars)	
Assets		
Current:		
Cash.	\$ 242	\$ 108
Income taxes recoverable.	1,376	—
Sundry amounts receivable.	5,436	5,305
Inventory.	183,692	121,689
Prepaid expenses and sundry assets (Note 5).	10,519	8,081
	<u>201,265</u>	<u>135,183</u>
Fixed assets (Note 6).	38,301	31,017
Other assets (Note 8).	965	935
Favourable leases, at cost less accumulated amortization of \$142,000	1,698	858
Goodwill, at cost less accumulated amortization of \$148,000.	2,823	2,897
	<u>\$245,052</u>	<u>\$170,890</u>
Liabilities		
Current:		
Bank indebtedness (Note 9).	\$ 62,537	\$ 28,970
Accounts payable and accrued liabilities.	72,505	51,590
Income taxes payable.	—	7,228
Dividends payable.	362	201
Current portion of obligations under capital leases.	892	672
Current portion of long-term debt.	1,408	1,000
Deferred income taxes.	5,117	3,394
	<u>142,821</u>	<u>93,055</u>
Obligations under capital leases (Note 7).	15,952	15,469
Long-term debt (Note 10).	8,080	1,500
Deferred income taxes.	751	875
Shareholders' Equity		
Capital stock (Note 11).	42,369	33,283
Retained earnings.	35,079	26,708
	<u>77,448</u>	<u>59,991</u>
	<u>\$245,052</u>	<u>\$170,890</u>

On behalf of the Board:

JACK STUPP (Director)

PETER M. C. ONIONS (Director)



See accompanying notes.

Statement of Changes in Financial Position

	Fifty-two weeks ended February 2, 1980	Fifty-three weeks ended February 3, 1979 (Restated) (Note 7)
	(In Thousands of Dollars)	
Financial resources were provided by:		
Net income.	\$ 9,531	\$ 12,142
Items not affecting working capital:		
Depreciation and amortization.	4,799	3,051
Deferred income taxes.	(124)	220
Loss on disposal of fixed assets.	790	—
Working capital provided from operations.	14,996	15,413
Reduction in long-term portion of amounts due from The May Department Stores Company.	—	212
Issue of shares under Employees Stock Option Plan.	76	220
Working capital arising on the purchase of catalogue showroom division of The May Department Stores Company.	—	18,773
Issue of shares for purchase of catalogue showroom division of The May Department Stores Company.	—	26,324
Working capital (substantially inventory) arising on the purchase of the catalogue showroom assets of Cardinal Distributors Limited (Note 3).	11,707	—
Issue of shares and long-term debt for purchase of assets of Cardinal Distributors Limited (Note 3).	17,518	—
Long-term debt arising from capitalization of leased assets (Note 7).	1,375	1,847
	<u>45,672</u>	<u>62,789</u>
Financial resources were used for:		
Purchase of catalogue showroom division of The May Department Stores Company.	—	26,324
Purchase of assets of Cardinal Distributors Limited (Note 3) . .	17,518	—
Payment of dividends and related tax.	1,160	3,653
Reduction in obligations under capital leases.	892	672
Reduction in long-term debt.	1,408	1,000
Increase in fixed assets.	8,087	4,184
Other assets.	291	474
	<u>29,356</u>	<u>36,307</u>
Increase in working capital.	16,316	26,482
Working capital, beginning of year.	42,128	15,646
Working capital, end of year.	<u>\$ 58,444</u>	<u>\$ 42,128</u>

See accompanying notes.

Notes to Financial Statements, February 2, 1980

1. The company:

The company derives its revenue from retail sales through catalogue showrooms in Canada and the United States. The number of showrooms operated by the company at the respective balance sheet dates is summarized as follows:

	February 2, 1980	February 3, 1979
Showrooms:		
Canada.....	200	169
U.S.....	<u>86</u>	<u>70</u>
Total.....	<u>286</u>	<u>239</u>

2. Summary of significant accounting policies:**Inventory:**

Inventory is valued at the lower of cost and net realizable value; cost being determined on a first-in, first-out basis.

Fixed assets:

Equipment and leasehold improvements are recorded at cost. The company capitalizes financing leases. Depreciation and amortization are provided on a straight-line basis at rates which are designed to write off the assets over their estimated useful lives as follows:

Office, warehouse and showroom equipment.....	5% and 10%
Leasehold improvements.....	Term of lease
Automotive equipment.....	10% and 20%
Assets under capital leases:	
Buildings.....	2.5% or term of lease
Equipment.....	5%, 10% and 20%

Favourable leases:

The company is amortizing the cost of favourable leases over the average remaining term of those leases.

Goodwill:

The company is amortizing the goodwill over 40 years.

Pre-opening costs:

Pre-opening costs for new stores are amortized over 24 months for new stores in the company's established markets and over 36 months for other locations, commencing with the month after the date of opening.

Income taxes:

The company follows the tax allocation method of providing for income taxes. Under this method deferred income taxes result from claiming for income tax purposes capital cost allowances in excess of depreciation and amor-

tization recorded in the accounts, and from writing off for income tax purposes deferred charges and other costs in the year incurred.

Foreign currency translation:

The company follows the temporal method for translation of foreign currency transactions. Under this method cash, receivables and payables are translated at the rate of exchange in effect at the balance sheet date. All other assets (including inventory) are translated at rates prevailing at the time of acquisition.

Revenues and expenses are translated at average exchange rates prevailing during the period except for costs of inventory used, depreciation and amortization which were translated at rates prevailing when the relative assets were acquired. Realized exchange gains and losses and translation gains and losses (unrealized) relating to current monetary assets and liabilities are included in operations.

Fiscal year:

In conformity with retail industry practice, the fiscal year end of the company ends on the Saturday closest to January 31.

3. Acquisition:

On February 5, 1979, the company purchased certain of the catalogue showroom assets of Cardinal Distributors Limited. The values shown below for these assets are those on which the transaction was closed, and these values have been reflected in the accounts of the company. The company disputes the valuation of the inventory purchased and claims that the value of this inventory has been overstated. This dispute is being resolved by binding arbitration, the outcome of which cannot be ascertained at this time. Any decrease in the value of inventory purchased will result in a corresponding decrease in the amount owing under the interest bearing promissory note.

	(In Thousands of Dollars)
Inventory.....	\$17,138
Equipment and leasehold improvements.....	4,355
Favourable leases.....	936
Other assets.....	89
	<u>\$22,518</u>
Purchase consideration:	
Cash.....	\$ 5,000
530,000 Common shares of the company's capital stock ...	9,010
Non-interest bearing promissory note, repayable over 10 years, at discounted value.....	936
Promissory note, bearing interest at 1% over Canadian bank prime rate, repayable over 7 years, based upon a 10-year amortization schedule (see above).....	7,572
	<u>\$22,518</u>

4. Costs relating to acquisition:

As a result of the acquisition of the showroom assets of Cardinal Distributors Limited, the company implemented a program designed to realign operations for the purpose of more effectively utilizing the assets acquired and producing other cost efficiencies. The costs incurred as a result of these actions include the following:

	(In Thousands of Dollars)
• costs of holding and disposing of excess, obsolete and non-compatible inventories ...	\$3,537
• losses on disposal of certain redundant computer and showroom equipment.....	790
• other specific conversion costs	480
	<u>\$4,807</u>

Any recoveries from the arbitration proceedings described in Note 3 will, if material, be accounted for as an adjustment to the 1980 financial statements.

5. Prepaid expenses and sundry assets:

Included in prepaid expenses and sundry assets are amounts due from senior officers aggregating \$211,000. These amounts are secured by mortgages.

6. Fixed assets:

	Cost	Accumulated depreciation and amortization	Net
	(In Thousands of Dollars)		
Office, warehouse and showroom equipment	\$22,175	\$ 7,115	\$15,060
Leasehold improvements	10,763	2,855	7,908
Automotive equipment	2,597	1,347	1,250
Assets under capital leases	19,400	5,317	14,083
	<u>\$54,935</u>	<u>\$16,634</u>	<u>\$38,301</u>

7. Leases:

Capital leases:

In 1980 the company changed its method of accounting for leases to comply with the newly issued accounting recommendations of the Canadian Institute of Chartered Accountants. The recommendations require that leases meeting certain criteria be capitalized and depreciated over the estimated useful life of the related assets, with appropriate charges to operations for the interest portion of rental payments.

The company has elected to retroactively adopt the new recommendations and accordingly, the 1979 financial statement has been restated. As a result of this accounting change, 1980 income decreased by \$163,000. The net income for 1979, as previously reported, decreased by \$200,000. The balances of retained earnings at January 28, 1978 and February 3, 1979 have been adjusted for the effect, net of income taxes, of applying retroactively the new method of accounting as follows:

	1979	1978
	(In Thousands of Dollars)	
Retained earnings, beginning of year as previously reported ...	\$28,066	\$19,377
Adjustment for the cumulative effect on prior years.....	(1,358)	(1,158)
Retained earnings beginning of year as restated.....	<u>\$26,708</u>	<u>\$18,219</u>

Future minimum payments under the capital leases and the present value of the net minimum lease payments as at February 2, 1980 are as follows:

	(In Thousands of Dollars)
1981.....	\$ 2,711
1982.....	2,713
1983.....	2,715
1984.....	2,884
1985.....	2,488
Thereafter.....	<u>19,296</u>
	<u>32,807</u>
Amount representing interest ...	<u>15,963</u>
Present value of net minimum lease payments.....	16,844
Less current portion.....	<u>892</u>
	<u>\$15,952</u>

Operating leases:

Premises and equipment rental for the fifty-two weeks ended February 2, 1980 amounted to \$13,140,000.

Minimum rentals payable under long-term operating leases for premises and equipment in effect as at February 2, 1980 (excluding insurance, property taxes and certain other occupancy charges) are as follows:

	(In Thousands of Dollars)
1981.....	\$12,858
1982.....	12,113
1983.....	11,681
1984.....	9,955
1985.....	7,742
Thereafter.....	<u>61,832</u>

Lease obligations in the United States have been translated at the rate in effect at the balance sheet date.

The company has issued a Series B bond to indemnify the Oshawa Group Limited, an original guarantor under certain of its leases. The maximum amount which the company could be held liable for under this indemnification amounts to \$7,500,000.

8. Other assets:

	February 2, 1980	February 3, 1979
	(In Thousands of Dollars)	
Deferred charges, less amounts amortized:		
Pre-opening costs relating to new stores.....	\$589	\$377
Financing expenses.....	5	17
Sundry.....	<u>371</u>	<u>541</u>
	<u>\$965</u>	<u>\$935</u>

9. Bank indebtedness:

As security for the bank indebtedness, the bankers have been given a collateral floating charge on all the assets of the company. The company has also given its bankers an assignment of a life insurance policy in the amount of \$5,000,000.

10. Long-term debt:

	February 2, 1980	February 3, 1979
	(In Thousands of Dollars)	
Series A bond bearing interest at 1% over the bank prime lending rate, repayable \$1,000,000 on January 1, 1981 and \$500,000 on January 1, 1982.....	\$1,500	\$2,500
First promissory note repayable in equal monthly payments without interest to February 1, 1989. This note has been discounted at an imputed interest rate of 13%.....	887	—
Second promissory note bearing interest at 1% over the bank prime lending rate, repayable over 7 years based upon a 10-year amortization schedule ...	<u>7,101</u> 9,488	<u>—</u> 2,500
Less current portion.....	<u>1,408</u>	<u>1,000</u>
	<u>\$8,080</u>	<u>\$1,500</u>

The aggregate amounts of principal repayment of this long-term debt are as follows:

	(In Thousands of Dollars)
1981.....	\$1,408
1982.....	1,181
1983.....	720
1984.....	767
1985.....	1,213
Thereafter.....	<u>4,199</u>

11. Capital stock:

Authorized:

12,000,000 Common shares, no par value

	February 2, 1980		February 3, 1979	
	Number of shares issued	Amount (In Thousands of Dollars)	Number of shares issued	Amount (In Thousands of Dollars)
Balance, beginning of year	6,691,688	\$33,283	5,046,196	\$ 6,739
Issued to acquire assets of Cardinal Distributors Limited	530,000	9,010	—	—
Issued to purchase catalogue show- rooms in United States	—	—	1,600,000	26,324
Issued under Employee Stock Option Plan	<u>15,750</u>	<u>76</u>	<u>45,492</u>	<u>220</u>
Balance, end of year	<u>7,237,438</u>	<u>\$42,369</u>	<u>6,691,688</u>	<u>\$33,283</u>

12. Depreciation and amortization:

	Fifty-two weeks ended February 2, 1980	Fifty-three weeks ended February 3, 1979
	(In Thousands of Dollars)	
Depreciation and amortization of fixed assets.	\$4,368	\$2,816
Amortization of deferred charges.	261	115
Amortization of goodwill.	74	74
Amortization of favourable leases.	96	46
	<u>\$4,799</u>	<u>\$3,051</u>

13. Income tax expense:

In computing income for tax purposes, the company deducted a 3% inventory allowance which had the effect of reducing the income tax expense and thereby increasing net income by approximately \$1,788,000 (1979 - \$980,000).

14. Earnings per share:

Earnings per share are calculated using the weighted daily average of shares outstanding during the respective fiscal years (1980 - 7,226,249; 1979 - 5,762,094).

Fully diluted earnings per share which would result if all the employee stock options were exercised would be \$1.30 in the current year (1979 - \$2.07).

15. Stock options and reservations of shares:

In connection with the company's Employee Stock Option Plan, 225,000 common shares have been reserved. At February 2, 1980 there were options outstanding to purchase 188,100 shares exercisable at prices ranging from \$3.00 to \$29.25 over the next five years.

16. Trust deed:

The Series A and Series B bonds have been issued under a trust deed which includes a floating charge over all the assets of the company ranking second only to the security provided to the bankers.

17. Dividend restrictions:

The company is restricted from declaring or paying dividends:

- (i) under the terms of the bank loan agreement, without the prior written consent of its bankers, and
- (ii) under the terms of the trust deed securing the Series A and Series B bonds, if after the declaration of the dividend the working capital is less than \$10 million or the shareholders' equity is less than \$20 million.

18. Remuneration of directors and senior officers:

The aggregate direct remuneration paid by the company to directors and senior officers of the company for the fifty-two weeks ended February 2, 1980 was \$998,186 (fifty-three weeks ended February 3, 1979 - \$762,400).

19. Contingent liability:

On January 10, 1979, the Chairman, who also acts as President and Chief Executive Officer of the company, and two other persons not employed by the company were charged with conspiring to affect the public market price of the shares of the company during the years 1977, 1978 and 1979, contrary to the Criminal Code of Canada; particulars of the charge are unknown. The company has not been charged or named as a co-conspirator nor have any claims arising from the alleged conspiracy been made against the company. The possible adverse financial effects upon the company, if any, arising from the charge described above and the evidence relating thereto, whether because of claims against the company or otherwise, cannot be determined.

Auditors' Report

LAVENTHOL & HORWATH

CHARTERED ACCOUNTANTS

120 ADELAIDE STREET WEST
TORONTO, CANADA M5H 1T6
TELEPHONE: 416-862-7900
TELEX: 06-23545

A MEMBER OF
HORWATH & HORWATH INTERNATIONAL
WITH AFFILIATED OFFICES WORLDWIDE

To the Shareholders of Consumers Distributing Company Limited

We have examined the balance sheet of Consumers Distributing Company Limited as at February 2, 1980 and the statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, subject to the effect, if any, of the ultimate resolution of the matter referred to in Note 19, these financial statements present fairly the financial position of the company as at February 2, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the capitalization of leases as referred to in Note 7, on a basis consistent with that of the preceding year.


Chartered Accountants.

Toronto, Ontario,
April 10, 1980.

Directors:

WILLIAM L. ATKINSON, Chairman and Chief Executive Officer, Towers Department Stores, Toronto

RICHARD BAIN, Barrister and Solicitor, Toronto

L. S. D. FOGLER, Q.C., Barrister and Solicitor, Toronto

A. J. LATNER, President, Greenwin Construction Company, Toronto

GEORGE S. MANN, President, Unicorp Financial Services, Toronto

PETER M. C. ONIONS, Vice-President, Finance, Toronto

HARRY O. SCHLOSS, JR., Consultant, St. Louis, Missouri

R. I. SCOLNICK, Chairman of the Board and Chief Executive Officer, United Tire & Rubber Company Limited, Toronto

HARRY SOLOMON, President, Exquisite Form Brassiere Limited, Toronto

H. ARNOLD STEINBERG, Executive Vice-President, Finance and Development, Steinberg Inc., Montreal

JACK STUPP, Chairman of the Board and Chief Executive Officer, Toronto

LILLIAN STUPP, Toronto

JAMES WALSH, Consultant, St. Louis, Mo.

R. D. WOLFE, Chairman of the Board and Chief Executive Officer, The Oshawa Group Limited, Toronto

Transfer Agent and Registrar

Guaranty Trust of Canada

Auditors

Laventhol & Horwath, Toronto

Principal Bankers

Bank of America
Bank of Montreal
Citibank, N.A.
National Bank of Canada

Stock Listing

The Toronto Stock Exchange

Officers:

JACK STUPP, Chairman and Chief Executive Officer

MICHAEL J. B. BRICKELL, Vice President, Corporate Services

MICHAEL HABERMAN, Vice President, Marketing & Merchandising

PETER M. C. ONIONS, Vice President, Finance

REGINALD J. ROBERTSON, Vice President, Development

ROBERT M. WEAVER, Vice President, Operations

PETER M. SULLIVAN, Controller

RICHARD E. ZEMP, Treasurer

L. S. D. FOGLER, Q.C., Secretary

United States:

JORGEN PETERSEN, Executive Vice President, Merchandising

GERRY SCOTT, Vice President, West Coast Operations

Head Office

62 Belfield Road, Rexdale (Toronto), Ontario M9W 1G2

Regional Offices

205 Campus Plaza, Edison, New Jersey 08817
1961 Stearman Avenue, Hayward, California 94545

Distribution Centres

6700 Northwest Drive, Mississauga, Ontario
120 Northfield Avenue, Edison, New Jersey
1961 Stearman Avenue, Hayward, California

The Annual Meeting of Shareholders
will be held July 25, 1980 at 2 p.m.
in the Ridout Room of the Board of Trade, Toronto

Alberta (17)

Calgary (7)
Edmonton (8)
Lethbridge
Red Deer

Manitoba (10)

Brandon (1)
Winnipeg (9)

New Brunswick (5)

Bathurst
Fredericton
Moncton (2)
Saint John

Newfoundland (2)

St. John's (2)

Nova Scotia (5)

Bedford
Dartmouth (2)
Halifax
Sydney

Prince Edward Island (1)

Charlottetown

Quebec (69)

Montreal (37)
Charlesbourg (2)
Chateauguay
Chicoutimi (2)
Drummondville
Gatineau
Granby
Hull
Jonquiere
Levis
Quebec City (6)
Rosemere (2)
St-Bruno
St. Eustache
St. Hyacinthe
St. Jean
St. Jerome (2)
St. Therese
Sept. Iles
Shawinigan
Sherbrooke (2)
Trois Rivières
Valleyfield

Saskatchewan (6)

Regina (2)
Moose Jaw
Prince Albert
Saskatoon (2)

Ontario (86)

Toronto (20)
Ajax
Barrie
Belleville
Bramalea
Brampton
Brantford
Brockville
Burlington (2)
Cambridge
Chatham
Cornwall
Georgetown
Guelph (2)
Hamilton (6)
Kingston
Kitchener
London (6)
Mississauga (2)
Niagara Falls
North Bay
Oakville
Orangeville
Orillia
Oshawa (2)
Ottawa (7)
Owen Sound
Peterborough (2)
Pickering
Richmond Hill
St. Catharines (2)
St. Thomas
Sarnia
Sault Ste. Marie
Stratford
Sudbury (2)
Thunder Bay
Waterloo
Welland
Whitby
Windsor (3)
Woodstock

Connecticut (5)

Hamden
Norwalk
Stamford
Torrington
Waterbury

New Jersey (15)

Bricktown
Florham Park
Hazlet
Kinnelon
Ramsey
Roselle
South Orange
South Plainfield
Tenafly
Toms River
Totowa
Wayne
W. Long Branch
(Eatontown)

Westwood
Woodbridge

New York (25)

Brooklyn (2)
Cortlandt
(Peekskill)
Carle Place
Centereach
Central Islip
Commack
Coram
East Meadow
Eastchester
Hicksville
Huntington
Massapequa
Melville
Merrick
Oceanside
Pearl River
Plainview
Queens (4)
Smithtown
West Babylon
West Islip

California (46)

Antioch
Capitola
Clovis
Colma
Concord
Dublin
Fairfield
Fremont
Fresno
Hayward
Larkspur
Merced
Millbrae
Modesto
Mountain View
Oakland (2)
Pleasant Hill
Rancho Cordova
Redding
Redwood City
Sacramento (2)
Salinas
San Bruno
San Francisco (5)
San Jose (4)
San Mateo (2)
San Pablo
Santa Clara
Santa Maria
Santa Rosa
Sunnyvale
Terra Linda
Vallejo
Visalia
Walnut Creek
Woodland



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